

**Agreement for Renovation, Repair and Occupancy of 1536 Van Buren Ave.,
St. Paul, MN 55104**

1. Joint Development Venture between HomeLiberty, Inc. and Douglas and Mary Henneman

In consideration of HomeLiberty, Inc. (the Developer) paying for repairs and renovations up to \$115,000 to bring the building located at 1536 Van Buren Ave., St. Paul, MN 55104 up to code such that an occupancy permit is issued by the City, Douglas and Mary Henneman (the "Clients") hereby execute the attached :

- a. Construction Loan and Mortgage, the Terms and Conditions of which can be found in paragraph 3 of this document
- b. Intent to Grant Equity Contract

2. Use and Management of Funds

- a. With the approval of the City of St. Paul, the Developer and the Clients will provide a Project Plan detailing the work and cost of renovation required to bring the property to code and outlining a timeline for completion of the repairs. Said Project Plan will be submitted for approval by March 24, 2018.
- b. A Project Manager shall be hired to oversee the renovation
 - i. Supervision of the project is critical to the successful completion of the project. Supervision shall be provided by a qualified and licensed construction professional, as selected jointly by the Developer and the Clients.
 - ii. All costs for project supervision will be added to the Renovation Advance and reimbursement. The cost of Project Management and Supervision by a licensed 3rd party is estimated to be approximately 10% of the renovation cost.
- c. Construction Loan funds may only be used in accordance with a Project Plan and with the approval of the Project Manager and the Developer.
- d. A Construction Loan Escrow Fund shall be established and managed as follows:
 - i. HomeLiberty will establish an Escrow Account held by its attorney, Thomas Olive, for the purpose of disbursing the funds to contractors.
 - ii. Funds will only be disbursed after receipt of a Disbursement Request approved by the Project Manager who has inspected the work and verified that it has been completed according to the Project Plan and approval of the Developer.

3. Term and Conditions of the Renovation and Advance of Funds

During the period of renovation and prior to refinancing the property, but in no case for longer than 3 years from execution of the Joint Development Venture Contract, Douglas and/or Mary Henneman will:

- a. Deliver funds for the \$5,000 performance bond paid by HomeLiberty, Inc. to the City of St. Paul as follows:
 - i. Provide a minimum of \$2,000 or evidence that those funds will be delivered to HomeLiberty, Inc. by March 2, 2018
 - ii. Pay \$300.00 per month to HomeLiberty, Inc. until the remaining \$3,000 in required escrow is paid.
- b. Pay HomeLiberty, Inc. a monthly development fee of not less than \$675.00 by the 10th day

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of every month. This amount may be lowered or raised with the approval of both parties if the Renovation Costs exceed or are less than \$70,000. Escrow funds that are not required for the repairs and permitting of the building shall be returned to HomeLiberty at no expense to them.

- c. Continue to pay and maintain their existing mortgages in good standing, including payment of taxes and homeowners insurance. In the event of a default under this paragraph, Developer shall be entitled to cure said default and add any costs of doing so to the balance due Developer.
- d. Insure that the property grounds are kept in accordance with all city ordinances as they related to trash, debris, vegetation etc.
- e. Pay all city charges relating to water, sewer, trash collection, etc.

4. Completion of the Renovation and Receipt of Occupancy Permit

Upon completion of the Project Plan, HomeLiberty, Inc., along with Douglas and Mary Henneman, will apply to the City of St. Paul for an occupancy permit for both units of the building. When the occupancy permit is obtained, Douglas and/or Mary Henneman will:

- a. Occupy the property as a primary residence.
- b. Grant a 40% interest in the property to HomeLiberty, Inc.
- c. Have the right to rent the second unit and retain all rents and fees generated by the unit.
- d. Be responsible for receiving all necessary rental permits from the City of St. Paul and for payment of any and all fees due to the City prior to the rental of the unit.

5. Sale or Refinance of the Property

The property will be sold or refinanced within three (3) years of the execution of the Partnership Contract. The value of the property will be determined by an independent appraisal conducted by an Appraiser licensed by the state of Minnesota and completed in accordance with FNMA guidelines and requirements. At that time the proceeds of the sale or refinance shall be distributed as follows:

- a. First, all mortgages on the property will be paid in full.
 - i. As of March 1, 2018 the first mortgage on the property is held by Seretus and totals \$95,575.92
 - ii. As of March 1, 2018 a second mortgage is held by the Minnesota Housing Finance Agency and totals \$7,500.00
 - iii. HomeLiberty, Inc. will receive up to \$115,000 as repayment of renovation costs paid, administrative and development costs and in satisfaction of its mortgage on the property. In no case shall HomeLiberty, Inc. receive more 115% of the cost of the renovation funds actually paid out from the Renovation Escrow account for renovation, inspections, fees, etc.
- b. Third, HomeLiberty will be paid 7.5% of the Appraised Value of the property in consideration for relinquishing all ownership rights to the property.
- c. Fourth, the remainder of the funds will be paid to, or become the equity of Douglas and Mary Henneman.

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6. Default or Demise

In the event of default by Douglas and Mary Henneman, the property will immediately be sold to satisfy the mortgages on the property. The remaining proceeds will be distributed as follows:

- a. All past due monthly payments to and/or extraordinary expenditures made by HomeLiberty, Inc. will be paid.
- b. HomeLiberty, Inc. will receive
 - i. 115% of the funds drawn from the escrow account in payment of Development and Renovation Costs
 - ii. No less than 7.5% of the total sale price or 40% of the equity in the property whichever is greater
- c. The Clients will receive the remainder of the equity
- d. In the event of a default by any party, the defaulting party agrees to pay the non-defaulting party's reasonable costs, disbursements and attorney's fees incurred as a result of the default and to enforce the terms of this agreement.

7. Termination of This Agreement

In the event that the parties are unable to:

- a. Receive approval of the Project Plan after the property has been inspected by the City of St. Paul, or
- b. Reach an agreement on modifying the Project Plan and Joint Development Plan

Both parties shall be released from their responsibilities under this "Proposal for Renovation, Repair and Occupancy of 1536 Van Buren Ave., St. Paul, MN". Each party's liability shall be limited to \$2,500.00, their shares of the Escrow Funds required for the City of St. Paul Bond.

Agreed and Approved by the Parties as Indicated by Their Signatures Below.

DocuSigned by:

Douglas Mark Henneman

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Douglas Henneman Date

DocuSigned by:

Patricia Hanratty

6654F8CECC61430...

Patricia Hanratty, Date
HomeLiberty, Inc., Director

DocuSigned by:

Mary Louise Henneman

47E76C44451044B...

Mary Henneman. Date